

Victorian Co-operative News

Co-operative Federation of Victoria Ltd

- January / February 2002 -

FROM THE EXECUTIVE OFFICER'S DESK

Why the decline in co-operatives?

By Graeme Charles

The number of registered co-operatives in Victoria has been in decline for some years now, and is accompanied by a similar decline in the number of co-operatives prepared to support the activities of their Federation.



I am often asked why this is happening.

To some degree, I think the answer to this question can be found in an excellent report prepared in October 2000 for the Canadian Co-operative Association, *Canadian Agricultural Co-operatives: Critical Success Factors in the 21st Century*.

One of its three authors was **Professor Murray Fulton** from the University of Saskatchewan, who is well known to a number of Australian co-operators.

The report asked the question, 'Is the co-operative capable of adapting and remaining a successful organisational form that provides benefits to its members?'

The question was posed against a background whereby co-operatives seemed in many cases to be struggling to survive and adapt in a rapidly changing and increasingly highly competitive environment.

The answer that emerged from the research papers that contributed to the report was, 'Yes, co-operatives are capable of operating successfully in the new, highly competitive agriculture'.

But there was an important rider attached to that answer – Not all co-operatives are adapting and competing successfully.

Within these findings there are two observations or reasons for the successes, that I think are entirely appropriate to consider in the context of this article.

The report said: "The pressures faced by co-operatives appear to occur most frequently when the co-operative loses its key differentiating feature and when the members lack a sense of ownership and control. When co-operatives are able to retain a sense of identity and are able to provide members with a feeling of ownership and control, they generally remain strong".

I believe Victorian co-operatives tend to fall into the first category, rather than the second. In short, they are extremely vulnerable to a whole range of pressures that threaten their futures as a co-operative.

The report also said: "One extremely important adaptation mechanism is the development of new co-operatives, since they often address new issues and are willing to experiment with new structures and new ways of operating. New co-operatives are thus vital to the future health of the co-operative sector; and both co-operatives and government must provide them support in the start-up and development phase if the co-operative sector is to achieve its potential".

During the past year, the Federation, supported by the Victorian Government, produced two resources designed to assist co-operatives, both existing and new. They were the:

- *Developing Directors of Co-operatives* kit and workshop program; and
- *Co-operative Start Up Manual*.

Both of these resources were designed to help directors, members, and managers of co-operatives better understand the co-operative difference and its importance to the survival of their co-operative.

These resources continue to be available through the Federation.

I am preparing a series of workshop presentations for co-operative directors and members. These will draw on and utilise much of the material contained in the

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two previously mentioned resources. The workshops can be customised to suit any occasion and typical topics include:

Understanding the co-operative difference and advantage

- What are the distinct features of a co-operative?
- How do co-operatives differ from other business structures?

Directors' roles and responsibilities

- What do co-operative directors do?
- Exploring the directors/management relationships.
- Understanding a director's legal responsibilities and duties under the Co-operatives Act.

Developing a director's job description

- Identifying basic competencies.
- 'Must do' activities.
- Desirable personal characteristics
- Mapping your board's performance.

Why do co-operatives fail?

- Identifying common reasons why co-operatives fail.
- Rating your co-operative.
- Basic unwritten rules for a successful co-operative

How to succeed as a co-operative by really trying!

Want to improve your co-operative and board performance?

The Co-op Advantage – Developing Directors

kit and workshop are your guide to doing things better.

The kit and workshop have been specifically designed for current and potential directors and members of the co-operative sector.

They will improve their understanding of co-operative enterprise and role as a leader.

Cost of the kit

Members \$100 + postage

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Cost of kit and workshop

Members \$150

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To order a kit and arrange a workshop, contact Graeme Charles, Co-operative Federation of Victoria, phone (03) 5728 2005, fax (03) 5728 3008 or e-mail cfedv@netc.net.au

Making the co-operative work – keeping it co-operative

- The ingredients for a successful co-operative
- When do co-operatives work best?
- Developing a 'keeping it co-operative' check list.

All sessions will be designed to use discussion groups, worksheets and other approaches requiring audience participation. Typically, they should be of about an hour's duration per topic.

The problem we have got with all of this, as I indicated earlier, is that our co-operatives generally don't understand or value their 'co-operativeness'.

As a result, they are not inclined to allocate resources (time and money) toward issues such as member education and director training. They certainly don't appear to acknowledge that they have a role to play in supporting new and developing co-operatives.

I'm sure there are exceptions to the rule and I, for one, would be delighted to hear from or about them.

The challenge now to co-operatives is two-fold.

First, are co-operatives prepared to do something about member and management education?

Again, I quote from the Canadian report: "Manager and member education has always been important in co-operatives and the current pressures that co-operatives are facing make this education all the more critical. Member education is a continuous process that helps members see the connection between their self-interest and the interests of the group (the co-operative), and is important as a way of creating a sense of ownership and control in the co-operative. Education is also important because it is a key element in encouraging innovation and adaptation."

We have the products. We don't have the resources to promote them vigorously, but we will continue to offer them.

Second, and just as importantly, what can we do about the development of new co-operatives?

The report says "There is a myth that co-operatives form on their own accord with no assistance from outsiders. The reality is that co-operatives – and indeed any form of collective action – typically rely on a large support network at the time of their formation."

How are we to encourage our governments to provide significant and substantial support to new co-operatives, when we as a sector offer so little ourselves? Over to you.

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The 2001 AGM – a step forward and backward

By David Griffiths

What is the purpose of an annual general meeting (AGM)?

Our AGM on December 13, 2001, was an opportunity for the board of the Co-operative Federation of Victoria to explain to its members what has been achieved in the past year – or what it believed had been achieved.

It was also an opportunity for members to hold the board accountable for its activities.

At this year's AGM, the federation tried a number of new initiatives to make it more interesting and to encourage greater attendance, including the:

- introduction of door prizes, donated by Bonlac Foods, Murray Goulburn Co-operative Co. and Co-operative Energy;
- attendance of the Federation's auditor, **Tim Bunning**, and solicitor, **Nigel Hill**;
- introduction of co-operation certificates to acknowledge the contribution of member



co-operatives to the principle of co-operation between co-operatives through their membership of the federation; and

- introduction of a celebrity guest speaker, the **Rev. Tim Costello**.

As a result, a lot of time and effort was required to organise the meeting.

Was it worth it?

Of the 12 evaluation questionnaire responses (71%) sent and received from AGM participants, more than 91% gave the AGM lunch/workshop a good to very good rating.

The AGM, then, was a step forward. But it was also a step backward.

Unfortunately, we can't repeat it, given the time, effort and cost involved. We needed more participants to cover our costs.

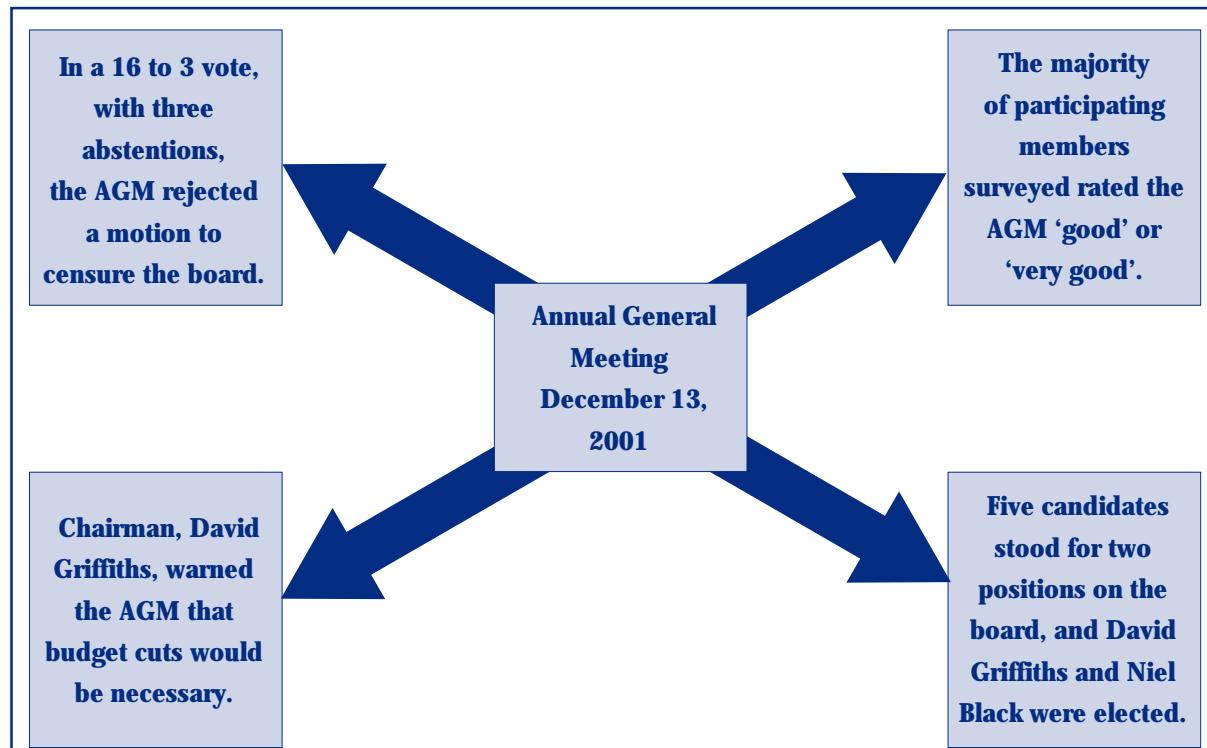
The late December timing could have been a problem, but then only two co-operatives apologised for their inability to attend.

This suggests only a minority of members are interested in an AGM and the extra effort that went into organising the 2001 event did not have a significant impact.

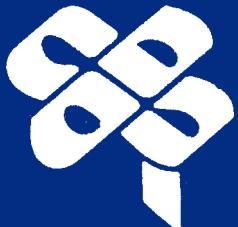
Perhaps we need to resort to a no-frills AGM without a dinner and a guest speaker!

**CFV
news**

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